GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:581
ANSWERED ON:06.02.2017
Demand and Supply of Natural Gas
Tumane Shri Krupal Balaji

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the details of production and consumption of gas and quantum of natural gas imported during the last three years and the current year;
(b) the basis on which the price of the gas manufactured indigenously and imported gas is determined;
(c) the reasons for not determining uniform prices for gas and for supplying gas to industries in various States at different prices;
(d) whether the Government receives a part of its revenue from the manufacturing and supply of indigenously manufactured gas; and
(e) if so, the details thereof?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DHARAMENDRA PRADHAN)
(a). The details of production, consumption and import of natural gas during the last three years and the current year are given below; (figures in Million Metric Standard Cubic Meters)

Year	Net Gas Production (Excluding Flair and Loss)	LNG import	Total Consumption
2013-14	34574.06	17727.99	52302.05
2014-15	32693.22	18535.72	51228.94
2015-16	31138.48	21309.28	52447.76
2016-17 (till Dec '16)	23087.37	18755.28	41842.65

(b). The price of Natural Gas produced from domestic fields is determined as per the Pricing formula based on New Domestic Natural Gas Pricing Guidelines, 2014. The formula is based on the market prices in major international markets. The Petroleum Planning & Analysis Cell (PPAC) notifies these prices every six months. The present price valid for 1.10.2016 to 31.03.2017 is US$ 2.50/MMBTU on Gross Calorific Value (GCV) basis. For Deep Water, Ultra Deep water and High Pressure-High Temperature areas the government has given pricing and marketing freedom with a ceiling vide notification dated 21.03.2016. In addition, prices are also determined by the contractual provisions stipulated specifically under the respective Production Sharing Contracts (PSCs). In case of small/isolated fields of the nominated blocks of National Oil Companies (NOCs), the sale of gas is based on the price at competitive arms length prices, but reserve price for these bids would be equal to the price notified on the basis of New Domestic Gas Price Guidelines 2014 at the time of calling of bids.
The prices of gas imported in the country from the international market are determined on the basis of long term, short term and spot LNG contracts entered into, by the respective importers, from the international markets.
(c). The price of gas produced indigenously from various fields and the price of gas imported in the country are based on different pricing models as brought out above. Hence, the prices of gas are not uniform and may vary depending on the source of natural gas. Besides, there are transportation tariffs applicable on transportation of gas through pipelines and statutory levies on sale of gas by the Central Government and concerned State Governments before gas is made available to consuming industries in various States. In fertilizer (urea) sector, government has implemented a policy to supply Natural Gas (domestic and Regasified Liquefied Natural Gas) at uniform delivered pooled price. This leads to supplying of gas to various States at different prices. There is 40% subsidy to specified consumers of gas produced in the North East region.
(d) & (e). The Government receives royalty on the gas produced indigenously in accordance with the provisions of the Oilfields (Regulation and Development) Act, 1948 (Act No 53 of 1948). Besides, the Government may also receive revenue as Profit Petroleum and Incidental Income from provisions / stipulations of the Contract under which the gas may be produced.
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